

Bond Case Briefs

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Muni Borrowing Stays Strong as Local Governments Build More, Refinance Less.

Municipal borrowing for new projects has reached a 10-year high so far in 2022 while refinancing has fallen to a 10-year low.

State and local governments sold a total of \$292 billion in muni bonds through Sept. 30, above the ten-year average of \$281 billion, according to data from Refinitiv. About \$234 billion of the debt this year was tax-exempt, exactly the ten-year average.

Flush with cash from last year's tax revenues and Covid-19 stimulus payments, cities and school districts are digging sewers and building high schools despite higher borrowing costs. Municipal bond issuance for new projects rose to \$238 billion in the first nine months of the year up from \$227 billion for the same period in 2021.

Refinancing deals have fallen by roughly half from last year to \$55 billion, however, as rising rates make the math unappealing. A benchmark ten-year triple-A bond carries a yield of 3.24% as of Oct. 3, compared to 1.14% a year earlier, according to Refinitiv MMD.

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By Heather Gillers

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